

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6043

BILL NUMBER: SB 126

NOTE PREPARED: Nov 5, 2014

BILL AMENDED:

SUBJECT: Assessed Value Cap for Veteran's Deduction.

FIRST AUTHOR: Sen. Bassler

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: This bill increases the assessed value cap (from \$143,160 to \$195,600) that applies to the property tax deduction for a veteran who: (1) has a total disability; or (2) has at least a 10% disability and is at least 62 years of age.

Effective Date: March 1, 2015 (retroactive).

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: *Summary* - Beginning with taxes payable in 2016, this bill will result in an estimated additional 4,300 deductions for totally disabled veterans. The total amount of the deduction will increase by about \$54 M AV. The additional deduction amount will annually shift about \$1.3 M in property taxes statewide from disabled veterans to all other taxpayers. Rate-controlled funds would lose revenue equal to the loss in net AV multiplied by the fund rate. A small increase in the amount of circuit breaker loss is also possible in certain areas. (Please see the table at the end of this document for a list of the estimated tax shifts by county.)

Additional Information - For taxes payable in 2014, approximately 18,200 veterans received "totally disabled veteran" property tax deductions in the amount of \$197 M AV.

Most, but not all, veterans deductions are taken against a homestead's AV. For purposes of this analysis, the AV of all single-family homestead residences was reviewed. The review shows 1,041,603 homesteads have an AV less than or equal to \$143,160. Another 260,363 homesteads have an AV greater than \$143,160 and up to \$195,600. The increase in the number of deductions under this provision is estimated at 25%. The increase in the total deduction amount and resulting tax shift was estimated individually for each county and aggregated to the total statewide estimate.

Under current law, there are two property tax deductions available to disabled veterans. Some veterans may qualify for both deductions.

Veterans or their surviving spouses are currently entitled to a property tax deduction of \$12,480 on their real or personal property if the veteran is either totally disabled or is at least age 62 with a disability of 10% or more. The disability need not be service-connected nor does the service need to be wartime service. In order to qualify, the AV of the property must be \$143,160 or less. This bill will increase the AV cap to \$195,600 AV beginning with taxes payable in CY 2016.

Additionally, veterans with wartime service and a service-connected disability of at least 10% or their surviving spouses are entitled to a property tax deduction of \$24,960 on their real or personal property. There are no qualifications on AV.

State Agencies Affected:

Local Agencies Affected: County auditors; Local civil taxing units and school corporations.

Information Sources: LSA Parcel-Level Property Tax Database.

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**CY 2017 Estimated Tax Shift From
Disabled Veteran Deduction AV Cap Change to \$195,600**

County	Tax Shift	County	Tax Shift
01 Adams	1,800	47 Lawrence	5,900
02 Allen	96,300	48 Madison	29,000
03 Bartholomew	21,700	49 Marion	126,100
04 Benton	100	50 Marshall	9,100
05 Blackford	1,000	51 Martin	1,000
06 Boone	9,500	52 Miami	9,500
07 Brown	5,200	53 Monroe	28,400
08 Carroll	600	54 Montgomery	3,600
09 Cass	2,800	55 Morgan	10,200
10 Clark	51,000	56 Newton	700
11 Clay	1,600	57 Noble	0
12 Clinton	1,800	58 Ohio	300
13 Crawford	700	59 Orange	1,000
14 Daviess	3,600	60 Owen	2,600
15 Dearborn	37,600	61 Parke	800
16 Decatur	400	62 Perry	600
17 DeKalb	500	63 Pike	700
18 Delaware	23,200	64 Porter	32,800
19 Dubois	6,700	65 Posey	4,400
20 Elkhart	60,700	66 Pulaski	600
21 Fayette	2,600	67 Putnam	7,400
22 Floyd	25,100	68 Randolph	1,300
23 Fountain	500	69 Ripley	4,000
24 Franklin	3,700	70 Rush	0
25 Fulton	400	71 St. Joseph	85,200
26 Gibson	6,300	72 Scott	3,000
27 Grant	19,100	73 Shelby	6,100
28 Greene	1,300	74 Spencer	3,000
29 Hamilton	47,100	75 Starke	400
30 Hancock	40,100	76 Steuben	3,000
31 Harrison	6,700	77 Sullivan	1,900
32 Hendricks	130,200	78 Switzerland	500
33 Henry	3,800	79 Tippecanoe	10,900
34 Howard	17,900	80 Tipton	400
35 Huntington	2,200	81 Union	500
36 Jackson	5,200	82 Vanderburgh	34,700
37 Jasper	300	83 Vermillion	1,700
38 Jay	600	84 Vigo	15,700
39 Jefferson	10,500	85 Wabash	3,800
40 Jennings	2,900	86 Warren	140
41 Johnson	34,800	87 Warrick	12,700
42 Knox	10,200	88 Washington	3,800
43 Kosciusko	8,900	89 Wayne	9,100
44 LaGrange	3,300	90 Wells	3,200
45 Lake	104,300	91 White	1,700
46 LaPorte	22,200	92 Whitley	14,500
Total		1,332,940	